

Message Text

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ACTION L-02

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FM AMEMBASSY DUBLIN

TO SECSTATE WASHDC 6599

UNCLAS DUBLIN 540

FOR L/EUR

E. O. 11652: N/A

TAGS: EFIN EI

SUBJ: WEALTH TAX BILL, 1975

1. A WEALTH TAX BILL HAS BEEN INTRODUCED IN THE IRISH PARLIAMENT (DAIL) THAT HAS CAUSED CONCERN AMONG AMERICAN RESIDENTS/DOMICILIARIES IN IRELAND. A COPY OF THE BILL IS BEING POUCHED TO L/EUR.

2. THE PROBLEM THAT HAS CAUSED THE FEARS OF AMERICANS HERE IS THAT THE BILL WOULD IMPOSE A WEALTH TAX ON THE ASSETS OF RESIDENTS/DOMICILIARIES IN IRELAND, WHEREVER SUCH ASSETS MAY BE FOUND.

3. THE PARAGRAPHS OF THE BILL THAT POSE THE PROBLEM ARE QUOTED BELOW:

"SECTION 1(1) (LINE 24, PAGE 3) "ORDINARILY RESIDENT" HAS THE SAME MEANING AS IN THE INCOME TAX ACTS AND AN INDIVIDUAL WHO HAS BEEN ORDINARILY RESIDENT IN THE STATE FOR A YEAR ENDING ON A VALUATION DATE SHALL BE DEEMED TO BE ORDINARILY RESIDENT IN THE STATE ON THAT VALUATION DATE;"

"SECTION 2 (LINE 14, PAGE 4) SUBJECT TO THE PROVISIONS OF THIS ACT AND ANY REGULATIONS THEREUNDER, WITH EFFECT ON AND FROM THE 5TH DAY OF APRIL, 1975, A TAX, TO BE CALLED WEALTH TAX, SHALL BE CHARGED, LEVIED

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AND PAID ANNUALLY UPON THE NET MARKET VALUE OF THE

TAXABLE WEALTH ON THE VALUATION DATE IN EVERY YEAR OF EVERY ASSESSABLE PERSON AND THE RATE OF TAX SHALL BE ONE PER CENT. OF THAT NET MARKET VALUE."

"SECTION 3(1) (LINE 20, PAGE 4) SUBJECT TO THE PROVISIONS OF THIS ACT, THE TAXABLE WEALTH OF AN INDIVIDUAL WHO IS DOMICILED AND ORDINARILY RESIDENT IN THE STATE ON THE VALUATION DATE SHALL COMPRISE ALL THE PROPERTY, WHERESOEVER SITUATE, WHICH HE IS BENEFICIALLY ENTITLED IN POSSESSION ON THAT DATE."

"SECTION 3(2) (LINE 25, PAGE 4) SUBJECT TO THE PROVISIONS OF THIS ACT, THE TAXABLE WEALTH OF AN INDIVIDUAL OTHER THAN AN INDIVIDUAL WHO IS DOMICILED AND ORDINARILY RESIDENT IN THE STATE ON THE VALUATION DATE SHALL COMPRISE ONLY THE PROPERTY SITUATE IN THE STATE TO WHICH HE IS BENEFICIALLY ENTITLED IN POSSESSION ON THAT DATE."

"SECTION 3(5)(A)(I) (LINE 9, PAGE 5) AN INDIVIDUAL WHO IS NOT DOMICILED IN THE STATE ON A VALUATION DATE AND WHO HAS BEEN ORDINARILY RESIDENT IN THE STATE FOR NOT LESS THAN SEVEN OUT OF THE TEN YEARS IMMEDIATELY PRIOR TO THAT DATE SHALL BE DEEMED TO BE DOMICILED AND ORDINARILY RESIDENT IN THE STATE ON THAT VALUATION DATE;

"(II) AN INDIVIDUAL WHO WAS DOMICILED AND ORDINARILY RESIDENT IN THE STATE ON A VALUATION DATE SHALL, NOTWITHSTANDING THAT HE CEASED TO BE ORDINARILY RESIDENT IN THE STATE AFTER THAT DATE, BE DEEMED TO BE DOMICILED AND ORDINARILY RESIDENT IN THE STATE ON THE THREE VALUATION DATES NEXT FOLLOWING THAT VALUATION DATE:"

4. COMMENT: ON THE FACE OF IT THE BILL DOES NOT APPEAR TO BE DISCRIMINATORY AGAINST AMERICAN CITIZENS. THE EMBASSY REALIZES THAT L IS NOT IN A POSITION TO GIVE US ANY GUIDANCE UNTIL IT HAS HAD THE OPPORTUNITY TO REVIEW THE ENTIRE BILL. WE WOULD, HOWEVER, APPRECIATE GUIDANCE AS SOON AS POSSIBLE, PARTICULARLY AS TO WHETHER
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THIS BILL, IF PASSED IN PRESENT FORM, WOULD CONTRAVENE PROVISIONS IN ANY TREATY OR OTHER AGREEMENT WITH THE IRISH.
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